

## CHAPTER II FINANCIAL MANAGEMENT

### SECTION 1 - GENERAL PROVISIONS

#### **2100 ADMINISTRATIVE FUNDING**

Within the limitation of funds available for the administration of the Food Distribution Program by the ITOs/State agencies, FNS will provide each ITO/State agency up to 75 percent of the approved administrative costs.

#### **2101 Allowable Costs**

Federal administrative funds provided for the administration of the Food Distribution Program can only be used for allowable costs that are also necessary and reasonable for the proper and efficient administration of the program. The allowable cost principles for use of SNAP administrative funds, outlined in Appendix A of 7 CFR Part 277 (Exhibit Y, attached), are generally applicable to the Food Distribution Program.

#### **2102 Matching Requirement**

ITOs/State agencies must, unless exempt on the basis of compelling justification (see paragraph 2103, below), meet the matching administrative cost requirements of the Food Distribution Program.

The value of services provided by volunteers is allowable to meet the matching administrative cost requirements.

Administrative cost standards and principles for use in determining applicable Food Distribution Program costs are shown in Exhibit H, attached.

Funds received from other Federal sources can not be used to meet the matching requirements, unless specifically allowed by legislation. If the ITO/State agency is claiming another federal grant as a source of matching funds, it must provide the legislative language that allows its use for that purpose. Below are some examples of public laws and associated grant programs whose funds may be used to match other federally funded grants. For each of the grant programs listed below, the respective Catalog of Federal Domestic Assistance (CFDA) number is provided. The CFDA can be accessed on the Internet at <http://12.46.245.173/cfda/cfda.html>.

- A. Housing and Community Development Act of 1974 – Public Law. 93-383. Grants provided under this public law by the Department of Housing and Urban Development may be used as payment of the non-Federal share required in connection with Federal grant-in-aid program undertaken as part of the "tribal" Community Development Program. Grant programs include:
1. Indian Community Block Grant Program (CFDA No. 14.862)
  2. Community Development Block Grants/State's Program (CFDA No. 14.228)

(2412)

H. Trade-in value; if applicable.

Each item must remain on the equipment and vehicle record until sold, completely depreciated and rendered unserviceable, or otherwise disposed of. Records for equipment and vehicles acquired in whole or part with FNS funds must be retained for 3 years after final disposition. Microfilm copies, computer backup disks, and tapes may be substituted for original records.

### **2413 Disposition of Equipment and Vehicles**

When equipment and vehicles acquired in whole or part with FNS funds are no longer needed for use in the Food Distribution Program, they must be handled as follows, in accordance with 7 CFR 3016.32(e):

- A. Equipment and vehicles with a fair market value of less than \$5,000 may be retained, sold or otherwise disposed of by the ITO/State agency without reimbursement to FNS;
- B. Equipment and vehicles with a fair market value in excess of \$5,000 may be retained or sold by the ITO/State agency. If the equipment is sold, the ITO/State agency must reimburse FNS for its share of the proceeds (i.e., the amount of proceeds multiplied by FNS' percentage of participation in the cost of the equipment) minus any selling or handling costs. If the equipment is retained but not used for another federally funded program, the ITO/State agency must reimburse FNS for its share of the fair market value of the equipment. The reimbursement amount must be reported on SF-425 as Program Income (i.e., funds being charged by the ITO/State agency in lieu of a draw from the LOC).

### **2420 ACCOUNTING FOR FUNDS**

Each ITO/State agency that accepts administrative funds must establish and maintain an effective system of fiscal control and accounting. Expenditures of FNS funds are restricted to allowable costs. Invoices, receipts, or similar documentation must be readily available to support such expenditures. This requirement also applies to local agencies. The ITO/State agency must keep records of all funds channeled into the Food Distribution Program whether from Federal, State, local or other sources, so that the total cost of each program can be ascertained. Such accounting procedures must facilitate rapid preparation of reports required by FNS and accurately reflect the receipt, expenditures, and current balance of funds provided by FNS.

Accounting procedures must provide for segregation of costs identifiable to the Food Distribution Program from all other costs. If any other programs (e.g., the Commodity Supplemental Food Program) are operated simultaneously with the Food Distribution Program and are using the same facilities, equipment, or personnel, the costs attributable to the other programs must be identified separately and supported by appropriate cost allocation records.

The ITO/State agency may follow its established financial procedures so long as they provide the means through which full disclosure of financial transactions is achieved and can be verified.

### **2430 RETURN, REJECTION, AND REALLOCATION OF FUNDS**

FNS may require an ITO/State agency to return unobligated funds, or it may reduce the amount of administrative funds awarded to the ITO/State agency when: